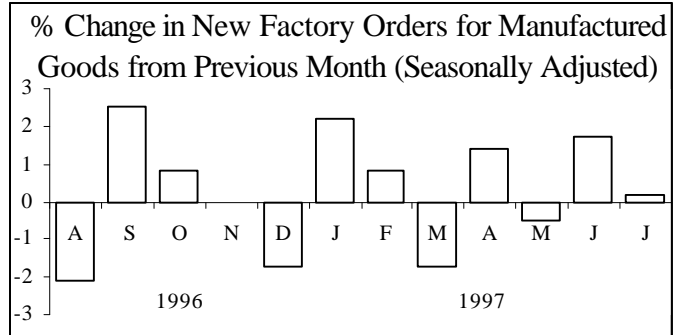
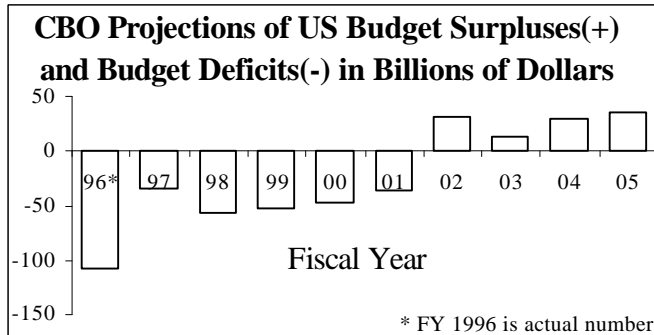


The Economic Bulletin

Volume VIII, #15, September 12, 1997



BUDGET DEFICIT NEARS 23 YEAR LOW

The Treasury Department reported that the US budget deficit for the first 10 months of fiscal year 1997 was \$37 billion, much less than the \$101 billion deficit for the same time period in FY 1996. The low deficit is attributed to the strong economy, which produced a significant increase in government revenue. In a separate report, the Congressional Budget Office projected budget surpluses for 2002 and the following three years.

FACTORY ORDERS CONTINUE TO RISE

The Commerce Department reported that seasonally adjusted orders for factory goods rose 0.2% in July to a record \$330 billion. If volatile transportation orders are netted out, factory goods orders show a healthy 0.8% increase. Categories of goods showing particularly strong increases in orders are instruments and related products, which includes navigational equipment and medical instruments and supplies, and industrial machinery and equipment.

UPS STRIKE MASKS HEALTHY GROWTH IN EMPLOYMENT

The Labor Department reported that in August, non-farm employment grew by 49 thousand jobs, the weakest growth since September 1996 and much smaller than the 365 thousand jobs created in July. The data include the negative impact of the UPS strike. However, if the striking workers are added in, the result shows a healthy increase of over 200 thousand jobs. The minor increase in the unemployment rate from 4.8% to 4.9%, therefore, is not indicative of any weakening in the labor market.

JAPAN'S GDP FALLS SHARPLY IN SECOND QUARTER

The Japanese government reported that Japan's Gross Domestic Product fell an annualized 11.2% in the second quarter of 1997, compared with the previous quarter. This was the largest decline since 1974, when the 1973/74 oil crisis adversely affected the world's economies. The decline in Japan's economy is attributed to an increase in Japan's sales tax rate which has discouraged consumer spending and moved some second quarter purchases into the first quarter.

IMF APPROVES THE RELEASE OF LOAN PAYMENT TO RUSSIA

The International Monetary Fund announced that it is releasing a long delayed \$700 million segment of its loan to Russia. This payment is justified by positive economic developments in the first half of 1997 including lower inflation, stabilization of the ruble, and achievement of budget deficit targets. Despite these improvements, tax collections, spending controls, and pay and pension arrears still remain problems.

FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>Sept 5</u>	<u>Aug 29</u>		<u>Sept 5</u>	<u>Aug 29</u>
Crude Oil (<i>Foreign</i>)	16.20	16.25	DM (<i>Germany</i>)	1.82	1.79
Crude Oil (<i>Domestic</i>)	19.63	19.63	Yen (<i>Japan</i>)	121.0	119.3
Pound (<i>UK</i>)	0.630	0.616	Peso (<i>Mexico</i>)	7.81	7.77
Ruble (<i>CIS</i>)	5841	5840	Won (<i>S. Korea</i>)	907	903